

SUBSTANTIVE POLICY STATEMENT

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0016.003 COLLECTIONS OF PENALTIES, FEES, FINES AND INTEREST POLICY

Level One Arizona Department of Environmental Quality

Originator: Michael D. Clark, Chief Financial Officer
Office of Fiscal Services

**Contact for
Information:** Michael D. Clark, Chief Financial Officer
Office of Fiscal Services

Issue Date: September 2, 1994 **Amended:** June 28, 1999

PURPOSE

The purpose of this policy is to establish a department wide process for handling the billing and collection of penalties, fees, fines and related interest within the Arizona Department of Environmental Quality (ADEQ).

AUTHORITY

A.R.S. § 49-113

POLICY

ADEQ shall have a department wide policy for handling the billing and collection of penalties, fees, fines, and related interest.

1. For the purpose of this policy penalties, fees, fines, and interest are defined as:

Type 1

- Assessments for violations of environmental laws.

Type 2

- Statutorily required fees, including interest, penalties and audit assessments.

Type 3

- Assessments for delinquent accounts.

2. Where authorized, interest on all late payments shall be charged at the applicable statutory rate.
3. Payment with a nonsufficient funds check will be considered as nonpayment.
4. When final payment is made, it should include all interest and penalties. If, because of timing, a payment is received and it does not include full interest, the collection process will continue. If the interest amount due is less than \$15, the collection will be considered complete.
5. Accounts Receivable unit is the only unit authorized to issue invoices.
6. Any account which has been through the entire collection process and has not been paid will be classified as an uncollectible account. An updated list of these accounts will be provided to all sections as shown on the collections time line.
7. An invoice for a self reported fee is not considered complete until it is returned with an amount filled in and signed and dated by the customer.

RESPONSIBILITY

Section Responsibilities:

1. Type 1
 - To obtain the settlement, administrative order or judgement.
 - To send a complete copy of the settlement, administrative order, or judgment to Accounts Receivable unit as soon as it is received by ADEQ.
2. Type 2
 - To maintain current database facility information and provide Accounts Receivable unit with access to the database information.

- To provide Accounts Receivable unit with the necessary information for billing if database information is not available.

3. Type 3

- To work with the Collections unit to ensure collections. This may mean issuing NOVs or suspension or revocation of permit approval, if fees is not received.
- To work with the Collections unit to develop a collection letter that fits statutory requirements.
- To notify Accounts Receivable unit of any actions which would affect the status of an account.

Accounts Receivable Unit Responsibilities:

1. Type 1

- To maintain a file with a copy of the settlement, administrative order, or judgment.
- To process payments when received.
- To periodically review delinquent accounts for any overdue payments. If any are found, they will be forwarded to the collector.

2. Type 2

- To schedule and generate billings when computer programming is available and to process payments when received.
- To schedule and generate billings when computer programming is not available and to process payments when received.
- To keep the sections informed of the billing status, when requested.
- To forward any overdue payments to the Collections unit.

3. Type 3

- To process payments for the assessment.
- To inform the sections and ADEQ revenue auditors of any collections.

The Collections unit is responsible for taking appropriate action on delinquent accounts, regardless of type, as follows:

- To contact, by letter or telephone, delinquent accounts and to determine collection potential.
- To evaluate collection potential of delinquent accounts with the section, and refer to the Office of Administrative Counsel (OAC) for legal assistance.

The ADEQ revenue auditors will inform the collector of Type 2 and Type 3 collections.

PROCEDURES

Section Procedures:

1. Type 1
 - When section receives notice of final settlement, administrative order, or judgment, it provides a complete copy of the document to the Accounts Receivable unit within ten (10) working days so funds can be properly recorded by Accounts Receivable unit.
2. Type 2
 - Section meets with Accounts Receivable unit and Collections unit to review statutory authorization and billing information; section and Accounts Receivable unit develop a billing schedule.
3. Type 3
 - Section validates the past due account as identified on the ADEQ collection process.

Accounts Receivable Unit Procedures:

1. Type 1

- Accounts Receivable unit creates a file on each court settlement.
- Accounts Receivable unit records receipt of payments and notifies the section.
- Accounts Receivable unit refers to the collector delinquent Type 3 accounts.

2. Type 2

- Accounts Receivable unit will meet with section representative to obtain statutory authorization and agreement on the billing schedule.
- Accounts Receivable unit will utilize section database information to prepare billings in accordance with statute and the billing schedule, including past due charges. The billing will be mailed at least thirty (30) days prior to due date.
- Upon receipt of payment, the Accounts Receivable unit will record payment and notify the section.
- If payment is not received within fifteen (15) days after the original due date, the collection process begins by the Accounts Receivable unit, thereby generating a second invoice and a collection letter.

3. Type 3

- The Collection unit processes delinquent accounts using the ADEQ collection process.

Collection Procedures:

1. Type 1

- The collector will work with the OAC to make collections on delinquent accounts.

2. Type 2

- If a payment is not received within fifteen (15) days after the due date of the original invoice,

the attached ADEQ collection process will be followed.

- The collector will keep the section informed of the status of the collections.

3. Type 3

- The Collection unit processes delinquent accounts using the ADEQ collection process.

4. Audit Assessments will differ from the collection process as follows:

- When an ADEQ revenue auditor determines money is due to the state, an assessment letter will be issued. The taxpayer has thirty (30) days to pay or appeal the audit determination. This will be considered the first collection letter.
- If payment or an appeal is not received within thirty (30) days, the collector will send a second collection letter.
- If no response is received from the second collection letter, the account will be forwarded through the section to the Office of Administrative Counsel (OAC) for final determination.

All lists of delinquent accounts will be broken down into four categories: federal facilities, other governmental entities, Native American accounts, and businesses.

Office of the Administrative Counsel Procedures:

1. Types 2 and 3

- The OAC will review the legal request list (day 32) to determine if any accounts should be referred.
- Sign the demand letters (day 51).
- Forward accounts to the Attorney General's office (day 71).
- Notify Accounts Receivable unit of any actions which would affect the status of an account.

ATTACHMENT

**ADEQ
COLLECTION PROCESS**

- DAY 1** 1st Collection Letter/Audit Letter/CFO's Special Letter. (AR)
- 15** Response due from customer.
- 16** 2nd Collection Letter mailed. (Collections)
- 31** Response due from customer.
- 32** Legal Request List (item not paid after two collection letters - Collections) to program and to Mark Santana, Administrative Counsel (w/cover letter). In 15 days due back to Collections from program and Mark Santana, Administrative Counsel. Collector reviews each account. (Collections)
- 32 - 46** Quality Control (review) done on the list before printed (final list to original list - check to make sure items which were paid dropped off). Collector reviews each account file. (Collections)
- 46 - 51** Changes received from program area processed (AR)
- 51** Demand letters processed/mailed. Letter states 10 days to respond actual, give 15 days. (Collections)
- 67** Response due from customer.
- 68** Print sorted Attorney General's list. Collector reviews each file going to Attorney General's office. (Collections)
- 69 - 71** Quality Control - Validate the list. (Collections)
- 71** Letter signed by Mark Santana, Administrative Counsel - sent to Attorney General's office w/list. (Collections)
- 131** Response due back from Attorney General's office. (Collections)
- 136** Letter from Mark Santana, Administrative Counsel, to Attorney General asking "Where is my report?" on the list sent on day 71. (Collections)

The collection process begins 15 days after the initial due date.

() Indicates responsible unit.

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APPROVED BY:

Arizona Department of Environmental Quality:



Jacqueline E. Schafer Date
Director, ADEQ



Mark B. Santana Date
Administrative Counsel
Office of the Administrative Counsel

NOTE: The effective date of the policy is the director's signature date.